

EAST AYRSHIRE COUNCIL

GOVERNANCE AND SCRUTINY COMMITTEE – 21 MAY 2010

THE AUDIT OF HOUSING AND COUNCIL TAX BENEFIT – OUTCOME OF RISK ASSESSMENT

Report by Executive Director of Finance and Corporate Support

1 PURPOSE OF REPORT

- 1.1 To advise Members of Audit Scotland's findings following the completion of a risk assessment of the housing and council tax benefit service, and to set out for approval a proposed action plan which addresses the risks to continuous improvement identified.

2 BACKGROUND

- 2.1 Audit Scotland has, since 1 April 2008, been responsible for the audit and inspection of Housing Benefits taking over the role previously carried out by the Benefit Fraud Inspectorate. This new inspection work was integrated with the arrangements already in place for the audit of benefits which was principally centred on the review of subsidy claims to ensure that these existing arrangements informed the new work.
- 2.2 The additional work undertaken is designed to assess the extent to which Scottish local authorities are complying with the Local Government in Scotland Act 2003 in achieving continuous improvement in the performance of the benefit service and in addressing identified risk to further improvement.
- 2.3 The development of the audit process by Audit Scotland has taken into account recommendations from recent reviews on external scrutiny in Scotland which include:
- Scrutiny and challenge function should be more proportionate
 - Increased emphasis on robust self assessment using outcome based approaches
 - Greater focus on the experience of users and public
- 2.4 The format of the report is intended to be broadly in line with those of the Audit Commission in England and the Wales Audit Office in order that the Department and Works and Pensions (DWP), on whose behalf Councils across Great Britain administer housing benefit, receives a similar level of assurance. The key features of the audit approach are:
- **Cyclical risk assessment** – normally a local authority's benefits service will be subject to an annual risk assessment. This activity will determine the

extent to which the benefit service has effectively identified and taken action to address areas of risk.

- **Risk based and proportionate audit** – will only be carried out where the risk assessment identifies risks to continuous improvement and the local authority's proposals have not delivered performance improvement within a reasonable timeframe.
- **Public reporting** – Benefit audit reports, produced following a full risk based audit, are considered by the Accounts Commission and will be published, together with the Commission's findings, on Audit Scotland's website.
- **No league tables or scores** – Audit Scotland will not use league tables or overall scores. Reports will provide an assessment of each local authority's strengths and weaknesses, focusing on the areas where improvement is most needed.
- **Providing assurance to Secretary of State for Work and Pensions** - The audit provides assurance to the Department for work and Pensions about the overall level of risk in benefits administration across Scotland.

2.5 The Council was advised in September 2009 that the Benefits service would be the subject of a risk assessment as part of Audit Scotland's rolling review programme and that this would take place in the first quarter of 2010.

2.6 The review process required the service to be self assessed against the criteria used by Audit Scotland to gauge the overall performance of the service and the achievement of continuous improvement. The self assessment was completed within the required timescale with Audit Scotland carrying out a further 3 day site visit to gather additional evidence, critically evaluate the self assessment and analyse their findings.

3. **KEY OUTCOMES OF RISK ASSESSMENT**

3.1 Risk Assessment Reports are not published by Audit Scotland but are intended to assist the management and development of the service.

3.2 The Council's risk assessment report identifies the overall commitment of the Council to the provision of excellent standards of customer services and identifies areas of good practice within the benefits service to support this delivery including the availability of a local benefit verification service across the local office network, support for elderly and disabled clients, provision of multi lingual documents and access to the translation service together with on line benefit calculation to give a quick estimate of benefit entitlement.

3.3 The report identifies that the service has in place a number of management arrangements which support the delivery of set outcomes and support and promote a culture of sound performance and continuous improvement in service delivery. Included within these are the good use made of document imaging and work flow to manage allocate and monitor benefit caseload, in

house training arrangements with the use of both the Council's EAGER process and formal professional qualifications supporting employee development together with a structure of staff meetings and procedure guidance to ensure the effective communication of information to employees.

- 3.4 The report has however identified a number of areas where further improvement would support continuous improvement. These include the development of arrangements in relation to monitoring and reporting of performance, strengthening the targets set for accuracy, interventions and the recovery of benefit overpayment, together with regular reporting of the application of the benefit fraud and prosecution policy to senior management.

4. IMPROVEMENT PLAN

- 4.1 The completion of the risk assessment process provides the Benefit service with an opportunity to review those areas where, without any further improvement action, there is an identified risk that may impede continuous improvement. In line with the criteria set out earlier in this report, Audit Scotland will not use the information gathered to report individual Council performance in a league table format but intends that the outcomes should assist in the development of an agreed improvement plan.

- 4.2 In response to the final risk assessment report an action plan, which is attached as Appendix 1, has been produced and submitted to Audit Scotland. Progress against the individual actions identified will be closely monitored and reported to this Committee prior to the end of the current financial year to provide an update on progress.

5. LEGAL/POLICY IMPLICATIONS

- 5.1 Implementation of the proposed Audit of Housing and Council Tax Benefit Risk Assessment Report Action Plan will assist the Benefits Service in meeting its statutory duty relating to Best Value and Community Planning as contained within The Local Government in Scotland Act 2003.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications arising from this report.

7. RISK IMPLICATIONS

- 7.1 Failure to implement the proposed action plan could result in the Benefits service not meeting its obligation to achieve continuous improvement and would result in a further risk based audit being undertaken by Audit Scotland.

8. RECOMMENDATIONS

Members of the Governance and Scrutiny Committee are asked:

- i) agree the proposed action plan set out in Appendix 1
- ii) note that a further progress report will be prepared in advance of 31 March 2011
- ii) otherwise note the contents of the report.

Alex McPhee

Executive Director of Finance & Corporate Support

13 April 2010

LIST OF BACKGROUND PAPERS

1. The audit of housing and council tax benefit – Outcome of risk assessment: Audit Scotland March 2010

Any person wishing further information should contact Robin Baker, Financial Controller (Telephone 01563 576331), or Karen Ironside, Revenues and Benefits Manager (telephone 01563 554861).

EAST AYRSHIRE COUNCIL
AUDIT OF HOUSING AND COUNCIL TAX BENEFIT RISK ASSESSMENT REPORT ACTION PLAN

KEY: RBM - Revenues and Benefits Manager ED - Executive Director FC - Financial Controller

IMPROVEMENT REQUIRED	IMPROVEMENT ACTION	OWNER	DEADLINE
1. Meeting the needs of the customer and community			
<ul style="list-style-type: none"> Review of customer survey approach. Include voluntary sector and landlords. 	A new customer survey will be carried out later in the year which will include the voluntary sector and landlords. The methodology for choosing the sample will be changed and the sample size will be increased to improve the effectiveness in terms of the response rate.	RBM	Aug 2010
2. Delivering outcomes			
<ul style="list-style-type: none"> The Operations Plan should take account of all operational areas and include targets. 	A new operational plan will be put in place for the coming year which will cover all operational areas and compare performance achieved in the previous year against the targets set.	RBM	May 2010
<ul style="list-style-type: none"> The benefits' plans and the Finance and Asset Management Service Plan should be more closely linked and should include planned improvement activities. 	As part of the production of the Finance Service Plan for 2010 / 11, the operational plan put in place for the Benefits Service will have a clearer link with the Finance and Asset Management Service Plan and will include all relevant planned improvement activities.	RBM	May 2010
<ul style="list-style-type: none"> The improvement action plan should include specific detailed activities with milestones. 	As above, this will be addressed with the implementation of the new operational plan. In addition the plans will be monitored by the Benefits Management Team to ensure all improvement activities are being implemented and reviewed against agreed milestones.	RBM	May 2010
<ul style="list-style-type: none"> Targets are needed for Benefit national indicators, appeals and reconsiderations, and benefit fraud administrative cautions. Performance for the Right Benefit, Appeals and Reconsiderations should be monitored and reported and should include targets. 	Targets will be set for all areas of the Benefits Service and these targets will be routinely monitored and compared against target. The targets will be cascaded to all staff, along with regular performance reports in order that they are aware of what is expected of them. Significant deviation from targets will be reported to senior management.	RBM	May 2010
<ul style="list-style-type: none"> Regular reports on improvement areas should be reported to senior management. 	A quarterly report of all Benefits Service improvement targets will be developed for reporting to senior officers.	RBM	July 2010
3. Performance accuracy			
<ul style="list-style-type: none"> Checking should distinguish between pre and post payment. 	The audit trail will be amended to identify pre and post payment checks.	RBM	Complete 05/04/10

IMPROVEMENT REQUIRED	IMPROVEMENT ACTION	OWNER	DEADLINE
<ul style="list-style-type: none"> The results of all checks should be shared with processing staff and used to target checking activity on identified areas of risk. 	<p>The results of checks will be fed back to processing staff through their regular team meetings. Any trends will be used to feed into training plans and used to target checking activity on identified areas of risk.</p>	RBM	May 2010
4. Interventions			
<ul style="list-style-type: none"> Evidence is needed that all changes are being identified and actioned. 	<p>Additional reviews will be implemented following the completion of the BVSR which will include actions to address this risk.</p>	ED/RBM	July 2010
5. Overpayment classification			
<ul style="list-style-type: none"> Analysis of official error overpayments is required. 	<p>The checking regime will be further developed to include analysis of official error overpayments.</p>	RBM	April 2010
<ul style="list-style-type: none"> Analysis of claimant error overpayments is needed. 	<p>The checking regime will be further enhanced to include analysis of claimant error overpayments, aiding intervention activity.</p>	RBM	July 2010
6. Overpayment recovery			
<ul style="list-style-type: none"> The recovery of fraud overpayments and administrative penalties should be monitored. 	<p>The current recovery regime will be further developed to ensure all fraud overpayments and administrative penalties are rigorously pursued and can be effectively monitored.</p>	RBM	Complete 05/04/10
7. Reconsiderations and appeals			
<ul style="list-style-type: none"> Targets are needed for reconsiderations or appeals, and performance should be routinely monitored for speed or quality. 	<p>Targets will be set and monitored as part of the operational plan for the Benefits Service. Significant deviation from targets will be reported to senior management.</p>	RBM	May 2010
8. Sanctions			
<ul style="list-style-type: none"> The results of investigations should be reported to senior management. The policy should be reviewed every two years. 	<p>The Benefits Fraud and Prosecution Policy will be reviewed and updated, and a report provided on a quarterly basis to the Executive Director, summarising the results of investigations.</p>	RBM/FC	April 2010
<ul style="list-style-type: none"> Decisions on sanctions should not be made by the team leader who is involved in the investigation process. 	<p>Arrangements will be strengthened to ensure greater division of duties between the team leaders in order that decisions on sanctions are made by a team leader not involved in the investigation process.</p>	RBM	Complete 05/04/10
9. Providing value for money			
<ul style="list-style-type: none"> The additional funding issued to all local authorities in recognition of the increased HB/CTB claims should be used by the Council. 	<p>Following the completion of the BVSR, the additional funding will be allocated appropriately.</p>	ED/RBM	July 2010